Opening of new units under N.T.C.

*225. SHRIMATI RODA MISTRY:
SHRI S. W. DHABE:†

Will the Minister of COMMERCE be pleased to state:

(a) whether Government have any proposal to open new textile units under the National Textile Corporation to meet the present requirement of cloth;

(b) if so, what are the details in this regard; and

(c) the areas in which such textile units are likely to be opened?

THE DEPUTY MINISTER IN THE MINISTRY OF COMMERCE (SHRI P. A. SANGMA): (a) At present, there is no proposal to set up new textile mills under the National Textile Corporation.

(b) and (c) Do not arise.

SHRI S. W. DHABE: This is a very surprising statement from the Minister. We are having shortage of cloth in our country and we are not able to give our people even the standard *per-capita* requirement of cloth which is necessary for any human being. The National Textile Corporation was constitued with the intention of not making it a dumping ground for the sick mills. There are about 106 or even more sick mills under the NTC now. The textile policy says that it is necessary to open more spinning mills and no more composite mills and a statement was made that a new mill had been opened in Kalmeshwar in the Nagpur region of Maharashtra. The aims and objectives of the National Textile Corporation includes opening of new mills rather than making it a dumping ground for all sick mills.

SHRI P. A. SANGMA: At the moment we are having 125 mills and I must frankly admit that this is a big headache for us. Therefore, at this stage—I repeat at this stage—we do not have any proposal to open new mills.

SHRI S. W. DHABE: The aims and objectives of the NTC say that it is meant not merely to be a dumping ground for these 125 sick mills. Rs. 100 crores have already been spent on them. If new mills are set up with modern technology, more cloth can be manufactured with less cost as in Japan and in other countries. May I know from the honourable Minister whether any policy will be laid down by the National Textile Corporation to open new mills in the country so that not only the actual requirements would be met, but also new modern textile mills would be set up in our country?

SHRI P. A. SANGMA: Sir, the House is aware under what circumstances the Government of India had to take over the 125 mills. Now, the opinion of the honourable Member is that instead of going in for the take-over of the sick mills, it is better to go in for new mills, better to establish new mills. That is his opinion. I am inclined to agree with that Mr. Dhabe, I am very much inclined to agree with you, with this idea and with this philosophy. But the Government had some reasons behind taking over the 125 mills which the honourable Member knows. Under the circumstances, when we are already running 125 mills, I am saying, since I have already said that this is a big headache for us, at this stage we have no proposal for new mills.

SHRI KALYAN ROY: Sir, is it not a fact that most of the textile mills under the National Textile Corporation are losing? Is it not a fact that the installed capacity is not being utilised and in some cases it is as much low as twenty to thirty per cent? Sir, I am particularly referring to West Bengal, Bihar, Assam and Orissa where there are seventeen or eighteen mills under the NTC. Is it not a fact that one of the major factors for the non-utilisation of the installed capacity is the failure of the NTC authorities to give them regular and adequate supplies of cotton whose prices have gone very high which is also one of the basic factors for the losses? Then, Sir, the

†The question was actually asked on the floor of the House by Shri S. W. Dhabe.

second basic factor for the losses is the failure of the Government to see that cotton is sold at the same price throughout the country. The cotton prices equalisation is a matter which is agitating the eastern region for a pretty long time. Sir, even the honourable Leader of the House had asked this question when he had unfortunately to sit on this side of the House. So, Sir, I would like to know what the Government is doing with regard to these two points that I mentined, that is, the equalisation of cotton prices and regular supply of cotton to the textile mills under the NTC in Assam, West Bengal, Bihar and Orissa.

SHRI P. A. SANGMA: Sir, the honourable Member is very much right when he says that the main reason for the losses which the NTC is incurring at the moment is the high cost of cotton and that the losses are attributable to the high cost of cotton at the moment. Since last January, that is, January of this year, the prices of cotton have gone up by fifty to sixty per cent. In fact, in 1983-84, the increase in the losses in the NTC mills was Rs. 23.36 crores and, out of this amount of Rs. 23.36 crores, the extra prices of cotton alone amounted to Rs. 19 crores. Therefore, the major share of our losses is due to the increase in the cotton prices. Now, Sir, the honourable Member is also right in saying that most of our mills are losing concerns. Out of 101 mills which are nationalised only 18 mills are making profits at the moment. Therefore, I will agree with him that we can say that most of the mills are incurring losses. But, Sir, as far as cotton is concerned, the honourable Member is aware that the production of cotton and the future policy for cotton do not come under the administrative control of the Commerce Ministry. In fact, we have had several rounds of meetings and we do feel, and the Commerce Minister particularly feels, that we should have a long-term policy on the future of production of cotton in this country, because we have long-staple cotton which is more or less in surplus, but what is lacking in our country is the short—and medium-staple cotton. And, Sir, I do agree with the honourable Member that today we must have a long-term policy as to how best we can increase the production of short—and medium-staple cotton in our country and we are very much in touch with the Ministry of Agriculture in this respect.

SHRI KALYAN ROY: Sir, he has not replied to my two specific questions.

SHRI P. A. SANGMA: Sir, about the supply position of cotton, it is not confined to the eastern region only.

SHRI KALYAN ROY: But I am confining my question to the eastern region only.

SHRI P. A. SANGMA: Sir, with regard to the supply position. . . .

SHRI KALYAN ROY: But I am confining myself to the eastern region. For selling cotton at the same price, at uniform prices, all over India, what steps has the Government taken?

MR. CHAIRMAN: I think the whole thing has been discussed in this House on the question of levy price of cotton. Mr. Dhabe was the first person, I think.

SHRI KALYAN ROY: Maharashtra is getting at half the price. (*Interruptions*) For steel and coal. (*Interruptions*) For cotton also... (*Interruptions*)

SHRI VITHALBHAI MOTIRAM PATEL: The N .T. C. has already lost more than Rs. 400 crores. Up till now, I think, the loss is more than Rs. 400 crores. Instead of modernising or scrapping, the units why are you increasing your loss from day to day? I can quote one example. Last week I was replied that Elgin Mills, Kanpur, incurred a loss of Rs. 4.50 crores previous year; last year it was Rs. 7.59 crores. This loss is for one unit. Out of 18,000 workers of the mill 5000 workers there is no work and they are being regularly paid. So in such cases what policy is the Government going to adopt to reduce losses?

SHRI P. A. SANGMA: Sir, it is a fact that we have extra workers in our NTC mills—10 per cent more than what we require in our estabilshments. And it has been our endeavour to rationalise the workers in the NTC mills. This process is going on. I am happy that in this pro-

cess of rationalisation of workers the trade union leaders are cooperating with us, and by the time we complete this process it will certainly add to the better functioning of the NTC mills.

SHRI GHULAM RASOOL MATTO: Sir, now that the setting up of new mills has been ruled out, the only remedy lies in modernisation of existing 125 mills or whatever it is. Is the Minister aware that for the purpose of modernisation of mills the biggest handicap, the biggest constraint, at present is 80 per cent customs duty on the import of machinery? Does he consider taking it up with the Finance Minister?

SHRI P. A. SANGMA: We are in the modernisation process. In fact, the House is aware that we have earmarked Rs. 320 crores for modernisation of NTC mills during the Sixth Five Year Plan and out of Rs. 320 crores we have already spent Rs. 220 crores. And we hope that a bigger allocation will come during the 7th Five Year Plan .As far as the import of machinery is concerned, or the customs duty or whatever it is, on imported machinery ,is concerned, I do not know which machinery he has got in mind because there are a number of machineries of different categories *(Interruptions)*

SHRI DIPEN GHOSH: Mr. Chairman, Sir, the hon. Minister has just now stated in reply to Mr. Kalyan Roy's question that the major easort for rise in losses sustained by the NTC mills is the rise in the prices of cotton. And in the context of this reply I would like to put a simple question, whether the hon. Minister would agree with me that the price equalisation of cotton will help lessening losses in the NTC mills?

SHRI P. A. SANGMA: It is not a question of price equalisation alone. It is a question of the availability of the raw material. When the country itself is short of the required quantity of cotton, price equalisation alone will not solve the problem. The main problem is the availability of cotton in the country. That is why I said that we must have a long-term policy and we are on this job in consultation with the Agriculture Ministry.

SHRI DIPEN GHOSH: But he has stated that out of Rs .22 or Rs. 26 crores. Rs. 19 crores are on account of the price of cotton. So, the major part of the loss is attributable to the price of cotton and and non-availability.

SHRI G. VARADARAJ:: The problem is not only with the NTC mills, even the private sector mills are suffering due to shortage of cotton. The requirement of the country for the industry is 102 lakh bales. As against this, this year the crop failure was so much that we could not do anything in the industry. And only recently there was an announcement or decision by the Government to import nearly 10,000 tonnes of staple fibre which would be available to the industry at the rate of Rs. 17 per kg as against the cotton price of Rs. 22 per kg. The Government should take a decision at the right time. Unfortunately the Government has delayed the decision. Instead of importing only 10,000 tonnes, if they increase the import to 15,000 tonnes, the NTC mills and the private sector mills also can come out of the red.

SHRI P. A. SANGMA: I do not know what his question is. He says there has been delay...

SHRI PRANAB KUMAR MUKHERJEE: I want to clarify one point. The first part of what the honourable Member has said is correct that we are importing 10,000 tonnes of viscose staple fibre. But please don't have the impression that it will be sold at Rs. 17 a kg. No price has been decided. It will be dependent on the landing cost and it is for the Commerce Minister to decide at what price utimately it will be sold. I only wanted to remove that impression. I do not know from where he got the figure that it will be sold at Rs. 17 a kg.

SHRI G. VARADARAJ: We have asked the Commerce Ministry and the Finance Ministry to give us certain concessions...